

DEBT MARKETS

IIP:

- IIP@ 2.7% YoY (Jan) vs -0.4% YoY (Dec)
- Driven by rebound in capital goods production by 10.7% compare to contraction in previous months.
- Manufacturing, Electricity and mining grew by 2.3%, 3.9% & 5.3% YoY respectively.
- Favourable base effect (-1.6% YoY Jan 2016)

Yield Movement

The 10-year corporate bond (PSU AAA) yield rose to 7.95% level compared to 7.80% level seen last Friday. The 1-year CD traded at 6.66% level compare to 6.60% level last Friday.

Liquidity

Average surplus liquidity during the week (excluding Cash Management Bills (CMB's)) increased to ₹4.95 lakh crores compared to ₹4.72 lakh crores in the previous week. RBI is continuously using Reverse Repo window to drain surplus liquidity. The outstanding reverse repos as on 10 March

reduced to ₹4.77 lakh crores compare to ₹5.24 lakh crores last Friday. Surplus liquidity reduced slightly during the end of week on account of excise and tax related outflows in spite of CMB's worth ₹50000 crores matured during the week. CMB's outstanding in market is ₹50000 crores out of the 6 lakh crores limit under MSS. The weighted average CBLO rate for the week was 5.83% compared to 5.60% in the previous week.

Fund Manager Comments

After unwinding short squeeze position in 10-year benchmark bonds, G-sec yields seen trading in tandem with the US treasury yields moving north-wards. 10 Year benchmark G-sec hardened 13 bps over the week on expectation of rate hike by fed in upcoming policy. The growing chorus of US policymakers suggesting that the US rate-hiking cycle was falling behind the curve built a strong case for a March rate hike. Market also awaits for state election result on Saturday and inflation data release due next week.

Market Indicators as on 10th March, 2017

	10-Mar-17	3-Mar-17	change
INR/USD	66.61	66.81	0.30%
Brent Crude Oil (\$/bbl)	50.66	55.00	-7.89%
Gold (\$/oz)	1,204.73	1,234.55	-2.42%
CBLO (Average)	5.83%	5.60%	0.23%
10-year G-Sec(GOI)	6.90%	6.77%	0.13%
10-year AAA PSU(Ind)	7.95%	7.80%	0.15%
US 10-year Gilt	2.58%	2.49%	0.09%

Source: Bloomberg

Weekly Statistical Supplement

	3-Mar-17	24-Feb-17
Reserve Money	16795.00	16460.70
YoY Growth %	-18.60%	-19.50%
Currency in Circulation	11984.10	11641.50
Forex Reserves (USD Bn)	364.01	362.79

Scheduled Commercial Banks	17-Feb-17	YoY Growth %
Deposits	104867.20	12.8%
Credit	74852.5	4.8%
	17-Feb-17	19-Feb-16
Incremental Credit/Deposit YTD %	20.32%	79.40%

Source: RBI (Amount in bn)



- Sensex and Nifty went up by 114 points (0.39%) and 37 points (0.42%) respectively, to close at 28946 and 8935 respectively.
- Markets remained cautious ahead of the US federal reserve policy and temporary suspension of H1B visa by the Trump government.
- The BJP secured the landslide victory in the 2 out of 5 state assembly results declared on Saturday. The BJP secured the victory in the key states like Uttar Pradesh and Uttarakhand. This will help the BJP to increase their representation at the Rajya Sabha which will help the BJP to pass the key reforming bills which are currently stalled in the Rajya Sabha. The stock markets are expected to take this as a positive news and markets are expected to hit its all-time high.
- Investors will also keep an eye out for headlines coming out of a two-day meeting of G20 central bankers and finance ministers in Germany for further hints on the strength of the global economy and the future direction of the monetary policy.
- Nikkei Market Services PMI rose to 50.3 in February from 48.7 in January. The index had previously declined to a near-3 year low in November after Prime Minister Modi's demonetisation move. Services PMI above 50 is indicating improved sentiments in the services sector.
- On comex division of the New York Mercantile Exchange, gold futures rose 0.31% to \$1,205.15 per ounce, coming off a nearly 2% drop for the week ended March 10. Also, silver futures for May delivery jumped 0.73% at \$17.047 per ounce, while copper futures were quoted at \$2.605 a pound. Copper recorded a loss of 3.7% for the week ended March 10.

Taurus Benchmark Indices Movement

Indices	10/3/17	3/3/17	Points change	% change
S&P BSE Sensex	28946.23	28832.45	113.78	0.39%
Nifty 50	8934.55	8897.55	37.00	0.42%
S&P BSE 100	9208.05	9187.65	20.40	0.22%
S&P BSE 200	3860.06	3852.78	7.28	0.19%
Nifty Free Float Midcap 100	16291.20	16364.05	-72.85	-0.45%

Weekly FPI & MF net flows (₹ in crs.)

	Equity	Debt
FPIs (06/03/2017 - 10/03/2017)	8667.45	1019.51
Mfs (02/03/2017 - 08/03/2017)	-2274.00	12683.50

Source : FPI - CDSL
Source : MF - SEBI

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